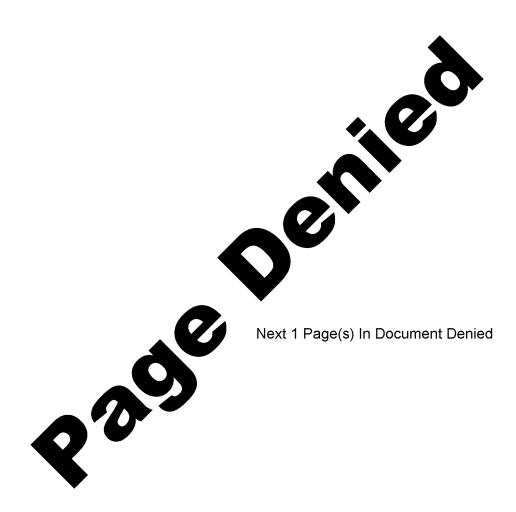
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POTENTIAL TAX CHANGES TO FE	DERAL RETIREMENT ANNUITIES
There have been recent articles The Washington Post reporting that is considering an Administration future retirees. Mr. Causey's fithat Congressional action was immediated before the end of the year House Ways and Means Committee has mid-year 1986.	tax reform proposal affecting rst column gave the impression minent and could possibly be mr. More recent action in the
The House proposal would make including Federal annuities, subjtaxation upon retirement, rather allows a tax-free period on annuicontributions to the retirement funder consideration would prorate expectancy of the retiree. While considering the tax reform propostake up the issue until next year still be considered by the full formittee and the full Senate.	than the current system which ties until the retiree's fund are recovered. The proposal the contributions over the life the House is currently sals, the Senate is unlikely to the fact this proposal must
being passed, if at all, and thus benefits and an effective date rediscussion and debate. As with a change how retirement annuities at the other tax proposals related tax brackets, etc., also will impossible to predicate, it is impossible to predicate. This is a fluid situation	any tax issue, the proposal to are taxed is complex. Many of to investment income, changes of pact on a retirees tax base. as this and with its many ict with any certainty the exact
provide the particulars as soon	

(b)(3)

The Office of Legislative Liaison and the Office of Personnel are following this subject on a daily basis. We will advise employees immediately, if there is any change in the status affecting retirement-qualified employees.